

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

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----- 084536

O 191610Z MAY 76

FM AMEMBASSY REYKJAVIK

TO SECSTATE WASHDC IMMEDIATE NIACT 6325

INFO COMICEDEFOR

CINCLANT

CINCEUR

AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY OSLO IMMEDIATE NIACT

AMEMBASSY STOCKHOLM

USNATO IMMEDIATE 1439

C O N F I D E N T I A L REYKJAVIK 0707

OSLO FOR SECRETARY'S PARTY

E.O. 11652: GDS

TAGS: PFOR, EFIS, IC, UK, NATO, US

SUBJECT: ICELAND-UK FISHERIES DISPUTE: RECOMMENDATION FOR U.S.

EXPRESSION OF INTEREST

REF: REYKJAVIK 0704 (DTG 181703Z MAY 76)

1. SUMMARY: EMBASSY BELIEVES EXPRESSION OF INTEREST AND CONCERN OVER FISHERIES DISPUTE BY SECRETARY AT OSLO MINISTERIAL WOULD BE HELPFUL IN COUNTERING ICELAND'S APPARENT GROWING DISENCHANTMENT WITH NATO AND US DEFENSE RELATIONSHIPS. END SUMMARY.

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2. AS NOTED REFTTEL, OSLO MINISTERIAL COMES AT TIME

WHEN COD WAR-RELATED DEVELOPMENTS THREATEN TO SERIOUSLY UNDERMINE ICELANDIC SUPPORT FOR NATO AND US-MANNED DEFENSE FORCE AT KEFLAVIK.

3. THOUGH THIS IS NOT IN ITSELF NOVEL, SEVERAL RECENT EVENTS HAVE COINCIDED TO EXACERBATE SITUATION:

-- NEW BUILD-UP OF UK PROTECTION FLEET (NOW PUT AT 15 VESSLES, ALL-TIME HIGH ACCORDING TO LOCAL SOURCES);

-- LAST WEEK'S RENEWED BRITISH "AGGRESSION," INCLUDING THREATENED "AIR ATTACK";

-- US REFUSAL TO PROVIDE PATROL BOATS AND SECRETARY KISSINGER'S SUBSEQUENT REITERATION OF THIS FACT TO FORNSEC CROSLAND.

4. IN ADDITION, SYG LUNS' COMMENT LAST WEEK PUTTING 22 BILLION DOLLAR PRICE TAG ON KEFLAVIK FACILITIES HAS PROVIDED VALUABLE AMMUNITION FOR NATO/US CRITICS AND SKEPTICS HERE. LUNS' STATEMENT HAS ALREADY SPARKED TWO EDITORIALS IN NON-COMMUNIST PAPERS (SEPTEL) WHICH ASK, IN BRIEF, WHY ICELAND SHOULD PROVIDE SUCH VITAL FACILITIES WHEN IT IS ABUSED AND IGNORED BY ALLIES IN RETURN. (LUNS' REMARK IS GOING TO REVERBERATE HERE FOR SOME TIME TO COME.)

5. AT MOMENT, OF ALL ICELANDIC POLITICAL PARTIES AND FACTIONS AND THEIR RESPECTIVE PRESS, ONLY SO-CALLED GEIR HALLGRIMSSON/MORGUNBLADID WING OF INDEPENDENCE PARTY CONTINUES TO SPEAK OUT FOR CONTINUED FULL PARTICIPATION IN NATO AND IN SUPPORT OF US DEFENSE TIES. EVEN IN THIS QUARTER SOME SLIPPAGE IS EVIDENT FROM CO-SPONSORSHIP OF ALTHING MOTION TO RECALL NATO AMBASSADOR BY IP LEGISLATOR PETUR SIGURDSSON (REFTTEL).

6. ICELANDERS' PERCEPTION OF HOW FISHERIES DISPUTE IS TREATED AT NATO MINISTERIAL WILL CONTRIBUTE EITHER TOWARD ACCELERATING OR ARRESTING THIS EROSION OF SUPPORT FOR NATO AND US DEFENSE RELATIONSHIPS. SIMILARLY OSLO
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MEETING WILL HAVE EFFECT ON CLIMATE HERE FOR ANY NEGOTIATED SETTLEMENT OF DISPUTE WITH UK. ICELANDERS, LIKE ANYONE ELSE, PREFER TO BARGAIN FROM POSITION OF STRENGTH, BUT AT PRESENT, THEY FEEL VERY MUCH THE UNDERDOG -- VICTIMIZED BY ERSTWHILE ALLY AND ABANDONED BY OTHER FRIENDS.

7. EMBASSY BELIEVES SETTING AND TIMING ARE RIGHT FOR

SOME GESTURE FROM US THAT WILL HELP BALANCE SCALES WHICH ICELANDERS FEEL, RIGHTLY OR WRONGLY, ARE TIPPED AGAINST THEM. WE SUGGEST NO CHANGE IN BASIC US APPROACH TO DISPUTE ITSELF, NOR ANY INVOLVEMENT IN SUBSTANTIVE ISSUES. WE DO BELIEVE THAT EXPRESSION OF CONCERN AND INTEREST BY THE SECRETARY IS NEEDED TO HELP COMBAT GROWING DISENCHANTMENT HERE WITH NATO AND US. SECRETARY'S OSLO PRESS CONFERENCE WOULD PROBABLY BE BEST FORUM FOR SUCH REMARKS. IF ICELANDIC JOURNALIST GETS FLOOR, ISSUE WILL ARISE ANYWAY, BUT IMPACT WOULD BE HEIGHTENED IF SECRETARY COULD MAKE REFERENCE IN OPENING STATEMENT TO FISHERIES DISPUTE IN CONTEXT OF ALLIANCE CONCERNS, ADDING EXPRESSION OF HOPE FOR SPEEDY AND AMICABLE RESOLUTION AND REFERENCE TO OUR AWARENESS OF ICELAND'S VITAL STAKE IN PRESERVATION OF ITS FISH STOCKS.

8. WE REALIZE -- AS DO VAST MAJORITY OF ICELANDERS -- THAT NOTHING US IS LIKELY TO SAY OR DO WILL MATERIALLY AFFECT COURSE OF DISPUTE WITH UK. MOREOVER, WE MUST FACT FACT THAT DEFENSE RELATIONSHIP WILL BE HANDY HOSTAGE AND TARGET FOR ICELANDERS AS LONG AS FISHERIES DISPUTE CONTINUES. NONETHELESS, WE THINK IT WOULD BE MISTAKE TO SIT BY AND DO NOTHING, THUS REINFORCING ICELANDERS' CONVICTION THAT THEY HAVE BEEN ILL-USED AND ABANDONED WHICH, IN TURN, IS CONTRIBUTING TO THREAT TO OUR DEFENSE RELATIONSHIP.
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